

Message Text

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ACTION EA-12

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INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 2287

E.O. 11652: GDS
TAGS: EIND, EMIN, CH
SUBJ: STEEL PRODUCTION AT ANSHAN

1. SUMMARY: ANSHAN PRODUCED 5.8 MILLION TONS OF STEEL IN 1977 AND PLANS TO PRODUCE 6.5 MILLION TONS THIS YEAR. AVERAGE DAILY STEEL PRODUCTION AT MID-YEAR WAS RUNNING AT 19,000 TONS. THE TAKUSHAN IRON ORE MINE NEAR ANSHAN IS MINING 31 PERCENT MAGNETITE ORE AND BENEFICIATING THIS TO 67 PERCENT. CURRENT PRODUCTION IS 1.9 MILLION TONS OF BENEFICIATED ORE; PLANS ARE TO INCREASE THIS TO 2.5-3 MILLION TONS BY 1985. END SUMMARY.

2. USLO OFFICER VISITING ANSHAN IRON AND STEEL COMPANY ON JULY 23 WAS TOLD BY HIS CTS GUIDE THAT STEEL PRODUCTION IN 1977 WAS 5.8 MILLION TONS AND THAT THIS YEAR'S PLAN WAS FOR 6.5 MILLION TONS. A LARGE CHART OBSERVED NEAR THE ENTRANCE OF THE PLANT GAVE THE FIGURES OF 19,000 AND 18,020 FOR AVERAGE DAILY OUTPUT IN TONS FOR STEEL AND IRON RESPECTIVELY. THE MONTH FOR WHICH THESE FIGURES APPLY WAS NOT NOTED, BUT IT WOULD PRESUMABLY BE JUNE. THE MANAGER OF THE NUMBER THREE STEEL MILL, WHICH NOW CONTAINS FIVE OPEN HEARTH FURNACES AND TWO TOP-BLOWN BASIC OXYGEN FURNACES, SAID THAT BY 1981-82 ALL THE OPEN HEARTH FURNACES WILL BE REPLACED BY ONE OR TWO
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NEW BOF'S THAT WILL INCORPORATE THE TECHNOLOGY BEING INTRODUCED IN THE NEW SHANGHAI MILL. THE OFFICIAL SAID THAT THE NUMBER THREE STEEL MILL HAS AN ANNUAL PRODUCTION OF 2.2 - 2.3 MILLION TONS AND THAT THIS YEAR'S PLAN IS FOR A 15 PERCENT INCREASE.

3. THE DIRECTOR OF THE IRON PRODUCING SECTION OF ANSHAN SAID

THAT THE "NEW" BLAST FURNACE COMMISSIONED AT THE END OF LAST YEAR IS ACTUALLY THE COMBINATION OF TWO OLD BLAST FURNACES, NUMBERS 7 AND 8. THE NEW FURNACE IS CALLED NUMBER 7 (NUMBER 8 NO LONGER EXISTS) AND HAS A CAPACITY OF 2580 CUBIC METERS COMPARED WITH "OVER 2,000" COMBINED CAPACITY FOR THE TWO OLD FURNACES. THE FEED FOR THE NUMBER 11 FURNACE IS 50 PER CENT IRON, WHICH IS ALMOST ALL SINTER BUT ALSO INCLUDES SOME AUSTRALIAN-ORIGIN RAW ORE.

4. USLO OFFICER VISITED THE TAKUSHAN OPEN PIT IRON ORE MINE NEAR ANSHAN WHICH MINES 20 MILLION TONS OF OVERBURDEN AND (ON AVERAGE) 31 PERCENT IRON ORE. OVER 90 PERCENT OF THE IRON IS MAGNETITE. THE ASSOCIATED BENEFICIATION PLANT PROCESSES MOST OF THE ORE AND PRODUCES 1.9 MILLION TONS OF 67 PERCENT CONCENTRATE A YEAR. ACCORDING TO THE MINE DIRECTOR, PLANS ARE TO INCREASE OUTPUT AT THE MINE TO 28 MILLION TONS AND TO INCREASE PRODUCTION AT THE BENEFICIATION PLANT TO 2.5-3 MILLION TONS BY 1985.

5. COMMENT: THIS YEAR'S TARGET FOR ANSHAN IS PROBABLY ITS PREVIOUS PEAK PRODUCTION LEVEL. ANSHAN PRODUCES ABOUT ONE-FOURTH OF ALL CHINA'S STEEL, WHICH MAY HELP EXPLAIN WHY THE PRC IS NOT EXPECTING RECORD PRODUCTION UNTIL NEXT YEAR.

6. DETAILS TO FOLLOW BY AIRGRAM. WOODCOCK

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